

**Registered agency:**

SouthEast Housing Co-operative Ltd

Category of registration:

Housing Provider (registered 21 November 2008)

Date of annual review:

25 January 2013 (incorporating 2011-12 annual reporting)

Summary of review findings

SouthEast Housing Co-operative Ltd (SouthEast) continues to manage 150 Director of Housing (DoH) owned properties under the Housing Provider Framework Lease and Property Management Agreement (HPF). The agency also owns ten properties.

Achievements for the year were:

- improvements in governance through workshops, education of members and succession planning;
- upgrade of the website and introduction of a newsletter for members; and
- upgrade of three properties to become disability compliant.

SouthEast's financial position remained sound, with an operational surplus of \$256 800 and net rent revenue increasing by three per cent to \$1.56 million.

SouthEast has achieved compliance with Performance Standards and all other legislative requirements and demonstrated a strong commitment to continuous improvement.

We acknowledge SouthEast's hard work and constructive approach to improve the agency's governance and organisational aspects.

Compliance with Performance Standards

The agency has complied with all Performance Standards.

Compliance with other legislative requirements

The agency has complied with all other legislative requirements.

Performance and continuous improvement

The agency has demonstrated satisfactory performance and continuous improvement.



Compliance with Performance Standards

Governance of the agency

The agency meets this Performance Standard



The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation.

During the year SouthEast amended its Rules on the term limits and re-nomination rights of the Chairperson and board members. These changes were approved by the Housing Registrar.

All scheduled meeting were held in quorum. The board member attendance rate of 82.7 per cent was slightly lower than the average for similar sized housing providers (85.8 per cent). Two members resigned during the year and the vacancies were quickly filled.

The board worked with Common Equity Housing Limited (CEHL) to improve its governance resulting in:

- a new Strategic Directions Plan 2011-13 following two member workshops;
- two facilitated intervention board workshops with the resulting work fed into the reviewed Governance manual;
- succession planning through member involvement by educating members through information provided on the web and newsletters on the roles and activities of the board;
- development of a directors induction kit;
- encouraging members to participate in the working parties and committees prior to nominating for a board position; and
- development of organisational performance standards.

We acknowledge the improvements made by SouthEast to meet this Performance Standard.

Management of the agency

The agency meets this Performance Standard



The agency maintains an appropriate organisational structure, performance indicators and reporting structures. There is evidence of business planning processes.

During the year, SouthEast has:

- relocated to new premises and rebranded the agency;
- staff and member involvement with the 2012 International Year of Co-operatives (IYC);
- introduced a new lease to members;
- completed a major upgrade of their website and IT system; and
- conducted member forums to inform and obtain feedback from members on the Victorian Government's consultation on social housing.
- revised the governance manual with respect to organisational requirements.

These projects were effectively managed and implemented within the set time frames.

The business plan appropriately reflects the size and operations of the agency. Six objectives for the coming year are set out together with implementation steps.



Probity

The agency meets this Performance Standard



Based on 2011-12 reporting, the Housing Registrar considers the agency has suitable arrangements in place covering this Performance Standard.

The board reviews the Code of Conduct annually to ensure it reflects the highest level of behaviour and practices. It provides a guideline for the standards of ethical behaviour and decision making expected of the agency's employees.

Each director is expected to ensure that the interests of the agency are placed ahead of their own. All directors are required to disclose both actual and potential conflicts of interests. All directors commit to collective decision making processes and are expected to debate issues openly and question and challenge the opinions of others.

Financial viability

The agency meets this Performance Standard



Based on the assumptions and information provided, SouthEast has satisfied the financial viability Performance Standard.

2011-12 financial highlights include:

- rent revenue of \$1.56 million, an increase of three per cent on the previous year;
- repayment of the remaining loan liability of \$232 000;
- operating surplus of \$256 800; with \$532 000 directed towards a variety of CCB projects; and
- current ratio of 3.7 times and cash balance of \$545 900.

SouthEast has set aside \$15 000 per annum towards a capital maintenance reserve for its owned properties. This is a prudent approach that will allow the agency to maintain its affordable housing portfolio.

DHS is currently reviewing benchmarks within the HPF lease. Financial implications of such changes have not been included in the financial projections as the benchmarks are not yet finalised. SouthEast must ensure that it can continue to operate sustainably under the proposed changes.

In 2013-14, SouthEast plans to redevelop a HPF property in Clayton South and construct two additional units. The estimated cost of the project is \$650 000 of which \$500 000 will be sourced from external borrowings. CEHL will be providing project management services. Currently, the plan is pending approval from DHS prior to proceeding with the property subdivision.

The forecasts are based on a business as usual scenario. This indicates that the agency is financially viable based on the following projections:

- operating surplus of around \$323 000 per annum;
- positive operating cash flow averaging \$397 000 over the next three years; and
- net assets of \$3.4 million as at June 2012, increasing to \$4.38 million by June 2015.



Tenancy management

The agency meets this Performance Standard



The agency demonstrates satisfactory service delivery supported by appropriate documentation, systems and processes.

SouthEast demonstrated good performance against most key performance measures (KPM) relating to tenancy management. In many instances it performed better than the average for similar agencies. It is noted that the turnaround time for vacant tenancies increased from 12 to 21 days and was significantly higher than the average for similar agencies. However, these vacancies occurred over December and January and the agency experienced difficulty in getting tenants prepared to move in at this time.

The tenant survey indicated a good level of satisfaction with housing services and consideration of tenant views.

The agency reports consistent member attendance at member events. Attendance by newer members has also been noted.

Positive member views were expressed on the bi-monthly newsletter and its contents. The delivery of the newsletter via the website has increased the number of people reading the newsletter.

The agency received three complaints, one of which was resolved within the required time frame. The remaining two complaints were also subsequently successfully resolved.

Program Leasing Team in DoH advised that SouthEast was responsive to enquiries and that reports were accurate and submitted in a timely manner.

Housing management and maintenance

The agency meets this Performance Standard



The agency provides evidence of a satisfactory approach to asset management and maintenance processes. The annual property inspection program ensures that the properties are maintained in good order.

Although lower than the previous year, over 90 per cent of all urgent and non-urgent maintenance requests were completed within the required time frames. Tenant satisfaction with maintenance was recorded at 81.5 per cent, slightly below the average for similar agencies.

DHS funded three disability upgrades. Future disability upgrades will be prioritised according to need.

Risk management

The agency meets this Performance Standard



Based on the risk policies and the agency's self-assessment, SouthEast met the requirements of this Performance Standard.

The agency considers that risk management is on-going and requires regular and strategic review. Risk is a set agenda item for the board and committees. The Audit Committee developed a risk plan that was included in the 2012 Annual Report.

A risk matrix identifies risks, likelihood of occurrence, management and control. SouthEast has adopted CEHL's risk assessment model identifying the top six risks and providing an analysis and risk rating methodology.



SouthEast has implemented a cycle for policy and procedure reviews. High risk items are reviewed more frequently. The schedule is linked to email alerts that remind staff to note scheduled reviews and inform management and the Governance and Policy Committee.

Performance and continuous improvement

The agency meets this requirement.



The agency demonstrates achievements against business plan objectives and targets, performed well against key performance measures and sets a range of objectives for 2012-13. There is evidence of a commitment towards continuous improvement.

Recommendations for continuous improvement

(Please find any specific details and timelines for the regulatory plan in REGIS)

Management of the agency:

- Continue accurate submission of KPM data collection and ensure staff attend the annual KPM forum.

Financial viability:

- review forward projections in light of any HPF benchmark changes to ensure SouthEast continues to operate sustainably
- inform the Housing Registrar of the progress of the Clayton South re-development by June 2013

Risk Management:

- Board to review risk plan during 2013

Other legislative requirements

Date of Annual General Meeting (AGM): 19 November 2012

Complaints dispute resolution.	✓
Annual financial statements received within the legislative 28 days after the AGM	✓
Performance Standards self-assessment received within the legislative 28 days after the AGM.	✓
Declarations received within the legislative 28 days after the AGM.	✓
Agency confirms register of housing agencies has been updated accordingly.	✓

DISCLAIMER

Financial and non-financial reporting submitted to the Housing Registrar will be used for the annual regulatory review of the registered housing associations and providers. In completing this review, the Housing Registrar places reliance on the completeness and accuracy of information supplied to us by the agency and other parties. The information is used to inform our approach to regulation and to identify possible non-compliance with the legislative requirements and gazetted performance standards for further investigation.

The review report, and financial and other reporting templates assist us in our statutory duty of regulation of registered housing agencies. Our review report presents conclusions that we have reached regarding the agency's compliance. The Housing Registrar accepts no liability whatsoever for the accuracy or completeness of any information or assessment contained in the review report. No third party may rely on its contents, but must make its own investigations or enquiries.

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**Annual Review Report 2011-12 Addendum****SouthEast Housing Co-operative Ltd.****Key Performance Measures Summary**

Following consultation with the registered housing sector, the Housing Registrar agrees to provide summary data prior to the publication on the annual sector performance report. The information is a guide and importantly, should only be considered within the context of the attached Annual Review Report.

	KPM	SouthEast 2010-11	SouthEast 2011-12	Similar agencies 2011-12
1	Regular board meetings	100%	100%	97.2%
2	Active board members	83.1%	82.7%	85.8%
3	Business plan and budget approval finalised within reasonable timeframe	27/7/2011 and 24/6/2011	29/6/2012 and 27/7/2012	N/A
4	Staff turnover	14.3%	0%	14.9%
5	Senior staff turnover	50.0%	0%	19.6%
6	Turnaround time	12 days	21 days	9 days
7	Void loss	0.2%	0.3%	1.3%
8	Rent outstanding from current tenants	0.6%	0.5%	1.0%
9	Arrears written off as bad debt	0.1%	0	1.3%
10	Evictions (percentage of exits)	0	0	6.0%
11	Tenancies maintained	95.6%	100%	85.1%
12	Current tenants owing more than 8 weeks	0	0	1.7%
13	Complaints from tenants/prospective tenants resolved within 30 days.	40.0%	0% (no complaints received)	82.5%
14	Tenants satisfaction – housing services	79.3%	89.4%	90.0%
15	Tenants satisfaction – consideration of views	82.8%	78.8%	84.4%
16	Urgent repairs resolved in 24 hours	100%	95.7%	94.5%
17	Non-urgent repairs resolved with 14 days	100%	98%	93.6%
18	Tenant satisfaction – maintenance	69.0%	81.8%	83.5%

	Financial measures	SouthEast 2010-11	SouthEast 2011-12
1	Current ratio (times)	3.3	3.7
2	Operating cash flow	\$258 900	\$308 000
3	Cash and cash equivalents	\$475 6000	\$545 900
4	Net assets	\$3 155 800	\$3 412 600
5	Income to expense	1.21	1.23